

20 September 2007

Acquisition of Alinta Assets from Singapore Power International

SP AusNet (ASX Code: SPN) today announced it has agreed with Singapore Power International (“SPI”) to acquire the Alinta assets being purchased by SPI. SP AusNet will acquire the assets for \$8,142 million, which is the price paid by SPI¹, plus transaction costs and holding costs between the time of the acquisition by SPI and completion of the sale to SP AusNet.

The acquisition is conditional upon SP AusNet obtaining securityholder approval, securing the necessary funding, final documentation, completion of the restructure of Alinta following the scheme of arrangement and any applicable consents or approvals.

The Alinta assets to be acquired comprise:

- The NSW Gas Distribution Network;
- The Alinta Vic Electricity Network;
- A 34.1% stake in the United Energy Distribution Network;
- The Eastern Gas Pipeline;
- The Queensland Gas Pipeline;
- The VicHub;
- A 50% stake in the ActewAGL distribution joint venture;
- A 7.6% stake in TransACT; and
- The Eastern States Asset Management business.

The acquisition will complement SP AusNet’s existing portfolio of high quality energy transmission and distribution assets, substantially increase SP AusNet’s scale and presence across the eastern states of Australia and provide access to higher growth assets.

SP AusNet’s Managing Director, Mr Nino Ficca said, “These assets provide a strong fit with our existing portfolio of energy transmission and distribution assets. The opportunity to expand our operations outside the geographic boundaries of Victoria, as well as into the area of gas transmission, is something that we have been working on for some time.”

“A successful acquisition by SP AusNet will create the largest energy transmission and distribution business in Australia with high quality regulated assets and additional growth potential from its pipeline assets and asset management capability. SP AusNet will be one of the largest infrastructure businesses listed on the ASX.”

¹ Subject to finalisation of adjustments and assumption of liabilities at the time of the acquisition by SPI.

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Acquisition Highlights

- Transformational acquisition positioning SP AusNet as the leading utility business in Australia, with operations in Victoria, NSW, Queensland and the ACT.
- Revenue upside underpinned by predictable cash flows from regulated assets and exposure to higher growth assets and asset management services.
- The addition of significant gas distribution and transmission assets into SP AusNet's portfolio will further expand and diversify existing capabilities.
- Combined resources across Australia will provide a key strategic platform for SP AusNet to continue developing a competitively focussed services business and provide access to additional skilled resources in a constrained labour market.
- Synergy benefits are expected to be achieved from a combined overhead pool and more efficient operations.

The acquisition will be funded by a mixture of debt and equity. It is currently proposed that this will include a rights issue to all securityholders. It is SPI's intention to maintain its 51% holding in SP AusNet.

SP AusNet was established as Singapore Power's investment vehicle for electricity and gas transmission and distribution assets in Australia and New Zealand. This transaction demonstrates Singapore Power's commitment to growing SP AusNet and its alignment with all SP AusNet securityholders.

It is intended that the assets will be incorporated into SP AusNet's existing structure and that the management services arrangement between SPI and SP AusNet will be extended to cover the assets and businesses to be acquired.

Independent Review Process

The offer received from SPI was reviewed by the Independent Directors' Committee ("the Committee") comprising Mr Ian Renard, as Chair, Mr Tony Iannello and Mr Martyn Myer. The Committee was assisted by Pacific Road and other external legal and accounting advisers.

The proposed acquisition has been recommended by the Committee and subsequently approved by the Board of SP AusNet.

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Next Steps

The acquisition is subject to the approval of the securityholders of SP AusNet at a general meeting. SPI will not be able to vote on the resolution at this meeting.

SP AusNet is seeking to hold the meeting of securityholders before the end of the year.

Securityholders will be provided with an explanatory memorandum which will contain all information relevant to the transaction. The explanatory memorandum will include financial forecasts together with information regarding the expected impact on SP AusNet's yield, gearing and credit rating. An independent expert's report on the transaction will also be provided to securityholders.

The Directors maintain the full year distribution guidance for 2007/08 and are of the view the acquisition will add to the long term value of SP AusNet.

Note: This is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption. Any offering of securities in the United States will be made by means of a prospectus that contains detailed information about SP AusNet and management, as well as financial statements.

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